INTERIM REPORT
Q2 2019

Key figures

KION Group overview

in € million	Q2 2019	Q2 2018	Change	Q1 – Q2 2019	Q1 – Q2 2018	Change
Order intake	2,078.6	2,424.0	– 14.2%	4,196.8	4,309.0	– 2.6%
Revenue	2,280.7	2,031.1	12.3%	4,364.1	3,874.4	12.6%
Order book [1]				3,130.7	3,300.8	– 5.2%
Financial performance						
EBITDA	421.7	374.6	12.6%	799.4	716.3	11.6%
Adjusted EBITDA [2]	425.0	377.0	12.7%	804.0	717.8	12.0%
Adjusted EBITDA margin [2]	18.6%	18.6%	–	18.4%	18.5%	–
EBIT	200.6	142.1	41.1%	359.3	268.0	34.1%
Adjusted EBIT [2]	225.2	187.0	20.5%	407.6	344.9	18.2%
Adjusted EBIT margin [2]	9.9%	9.2%	–	9.3%	8.9%	–
Net income	125.2	79.3	57.8%	218.3	147.7	47.7%
Financial position [1]						
Total assets				13,544.0	12,968.8	4.4%
Equity				3,300.5	3,305.1	– 0.1%
Net financial debt				2,128.7	1,869.9	13.8%
Cash flow						
Free cash flow [3]	– 113.6	– 3.7	<– 100%	– 31.6	9.0	<– 100%
Capital expenditure [4]	57.4	55.0	4.5%	113.0	103.9	8.8%
Employees [5]				**33,740**	**33,128**	**1.8%**

1 Figure as at 30/06/2019 compared with 31/12/2018
2 Adjusted for PPA items and non-recurring items
3 Free cash flow is defined as cash flow from operating activities plus cash flow from investing activities
4 Capital expenditure including capitalised development costs, excluding right of use assets
5 Number of employees (full-time equivalents) as at 30/06/2019 compared with 31/12/2018

All amounts in this interim report are disclosed in millions of euros (€ million) unless stated otherwise. Due to rounding effects, addition of the individual amounts shown may result in minor rounding differences to the totals. The percentages shown are calculated on the basis of the respective amounts, rounded to the nearest thousand euros.

This interim report is available in German and English at www.kiongroup.com. Only the content of the German version is authoritative.

Highlights of Q1-Q2 2019

Profitable growth for the KION Group in the first half of the year

- At €4.197 billion, order intake is 2.6 per cent down on the very strong prior-year result, which had been bolstered by particularly high order levels in the project business in the SCS segment
- Revenue advances by a substantial 12.6 per cent to €4.364 billion
- Adjusted EBIT increases sharply, by 18.2 per cent to €407.6 million
- Bottlenecks at suppliers resolved
- Adjusted EBIT margin improves from 8.9 per cent to 9.3 per cent
- Net income for the period up by a significant 47.7 per cent to €218.3 million
- Outlook for 2019 confirmed

Contents

KION shares

Strong recovery in the first half of 2019

In the first half of 2019, the German equity markets recouped a large part of the losses that they had suffered in 2018. The DAX index settled back above the 12,000-point mark in the second quarter and ended the midpoint of the year at 12,399 points, which was 17.4 per cent higher than at the close of 2018. The MDAX added 18.7 per cent over the same period. KION shares also rose after experiencing falls in 2018 and outperformed their benchmark index, the MDAX, with a gain of 25.1 per cent to close the period at €55.44. On 30 April, they reached a high for the year to date of €61.04. The closing price as at 30 June 2019 equates to market capitalisation of €6.5 billion, of which €3.6 billion is attributable to shares in free float.

> DIAGRAM 01

Shareholders agree record dividend

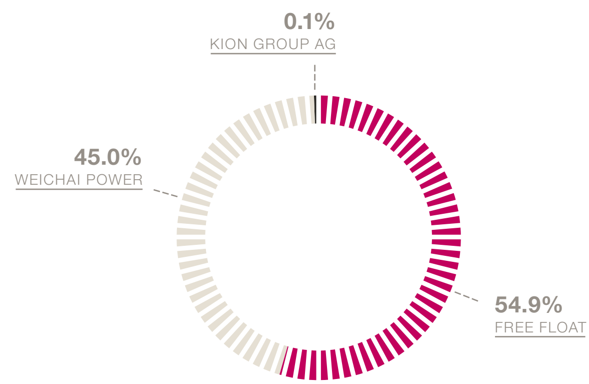
The Annual General Meeting on 9 May 2019, at which 87.4 per cent of the voting share capital was represented, adopted the resolution on the appropriation of profit for 2018 with a large majority. The proposed payment of €1.20 per dividend-bearing share was 21.2 per cent higher than in the prior year. The total dividend payout thus increased from approximately €116.8 million in 2018 to €141.5 million. With earnings per share for 2018 of €3.39, this equates to a dividend payout rate of around 35 per cent.

Share price performance from 31 December 2018 to 30 June 2019 DIAGRAM 01

Stable shareholder structure

The shareholder structure remained unchanged in the reporting period. Weichai Power Co., Ltd. has retained its 45.0 per cent stake and thus remains the largest single shareholder, while KION GROUP AG continues to hold 0.1 per cent of the shares. The free float as at 30 June 2019 thus stayed at 54.9 per cent. > DIAGRAM 02

Shareholder structure as at 30 June 2019 DIAGRAM 02



Comprehensive coverage

22 brokerage houses currently publish regular reports on the KION Group. As at 30 June 2019, twelve analysts recommended KION shares as a buy, seven rated them as neutral and three recommended selling them. The median target price specified by the share analysts was €63.50 at the end of the reporting period. > TABLE 01

Stable credit rating

The KION Group continues to have an investment-grade credit rating. Since January 2017, the Group's long-term issuer rating from Fitch Ratings has been BBB– with a stable outlook, while Standard & Poor's has classified the KION Group as BB+ with a positive outlook since September 2017.

Share data TABLE 01

Issuer	KION GROUP AG
Registered office	Frankfurt am Main
Share capital	€118,090,000; divided into 118,090,000 no-par-value shares
Share class	No-par-value shares
Stock exchange	Frankfurt Stock Exchange
Market segment	Regulated market (Prime Standard)
Index membership	MDAX, STOXX Europe 600, FTSE EuroMid, MSCI World, MSCI Germany Small Cap
Stock exchange symbol	KGX
ISIN	DE000KGX8881
WKN	KGX888
Bloomberg / Reuters	KGX:GR / KGX.DE
Closing price as at 30/06/2019	€55.44
Performance since beginning of 2019	+25.1%
Market capitalisation as at 30/06/2019	€6,546.9 million
Free float	54.9%
Basic earnings per share*	€1.87

* For the reporting period 01/01/–30/06/2019

Interim group management report

FUNDAMENTALS OF THE KION GROUP

The accounting policies used in this interim report are essentially the same as those used for the year ended 31 December 2018. The reporting currency is the euro.

Management and control

On 9 May 2019, the Annual General Meeting of KION GROUP AG elected Dr Michael Macht and Tan Xuguang, Chairman of Weichai Power, to the Supervisory Board as shareholder representatives for a term of three years. Dr Macht, who has been a court-appointed member of the Supervisory Board since 9 October 2018, was then elected as chairman of the Supervisory Board. He succeeds Dr John Feldmann, whose resignation from the Supervisory Board took effect at the conclusion of the Annual General Meeting. Tan Xuguang had previously been a member of the Supervisory Board from 9 June 2013 until he stepped down from his position on 30 September 2018.

Responsibility for Logistics/Urban was passed from Anke Groth, CFO, to Dr Eike Böhm, CTO, with effect from 1 April 2019. The new central Logistics System unit now brings together the internal logistics processes for the two segments Industrial Trucks & Services and Supply Chain Solutions.

Strategy of the KION Group

During the reporting period, further progress was made in the implementation of the KION 2027 strategy, which was set out in detail in the 2018 annual report. The aim is for the KION Group, as a provider of solutions, to grow at a faster rate than the global material handling market and to be the most profitable provider in its sector, with an EBIT margin that is permanently in double digits. Profitability is to be ensured throughout the various market cycles by a robust business model. A further target is the optimisation of efficient capital use as measured by return on capital employed (ROCE).

Under the **energy** field of action, the brand companies of the KION Group further expanded their portfolio of energy-efficient products by adding new truck concepts. These include the new generation of the Linde N20 C low-lift order picker, which makes order picking at the lower end of the load capacity range more cost effective, and STILL's new electric pallet trucks. Energy-efficient lithium-ion technology can be used with all models.

The **digital** field of action focused on the digitalisation of customer solutions in intralogistics. For example, Dematic launched iQ Virtual onto the market, an emulation and simulation platform that enables automated intralogistics systems to be visualised and validated. Linde, meanwhile, presented a new service manager app that allows service jobs to be created using a smartphone.

In the field of **automation**, the KION Group covers the complete spectrum of customer solutions right up to fully automated large-scale warehouses. A major step forward in the first half of 2019 was the piloting of Dematic PackMyRide, the world's first fully automated parcel-loading solution that integrates intralogistics and automated guided vehicle systems and thus uses the full breadth of the KION Group's technology. In addition, STILL launched the LTX 50 automated electric tractor in conjunction with the LiftRunner frames for automatic loading and unloading. The system is the first to fully automate both the transport and handling of loads. Efficient returns management in retail and e-commerce and the optimisation of the automated pouch sorting system were other innovations.

The efficiency drive continued at the European production sites in the Industrial Trucks & Services segment with the aim of continuously improving **performance**. In the growth market of India, the KION Group began work on converting and modernising a newly acquired plant for industrial trucks at its production site in Pune. The new plant will incorporate a training centre and a research and development centre. The Supply Chain Solutions segment is also set to expand its presence in India from the Pune site. At the beginning of the second quarter, KION North America launched a complete line of equipment for the North American warehouse market, including very narrow aisle trucks, integrated fleet management software, and other warehouse equipment.

REPORT ON THE ECONOMIC POSITION

Macroeconomic and sector-specific conditions

MACROECONOMIC CONDITIONS

There was a further slowdown in global economic growth in the first half of the year. Heightened political uncertainty, a slackening of global trade and a deceleration in capital investment around the world all had a significant negative impact. The economic situation deteriorated, particularly in the eurozone, as a result of the weakness in exports and in capital expenditure. In the US, increased government spending and tax incentives led to further solid growth. However, the effects of these supportive measures are increasingly waning. The growth situation in China progressively stabilised after a weak start to the year, thanks to support from Beijing in the form of monetary and fiscal policy and despite a reduction in trade activity because of the trade dispute with the US. For 2019 as a whole, economic experts now expect global economic growth to be down both on 2018 and on the original forecasts. The biggest risks are a further escalation of trade disputes, the growing debt levels of emerging and developing economies and the fallout from a possible no-deal Brexit.

SECTORAL CONDITIONS

Sales markets

In the first half of 2019, the global market for industrial trucks was unable to replicate the growth seen in previous years. The number of new trucks ordered fell by 5.2 per cent to 759.5 thousand compared with the first half of 2018. In the EMEA region (western Europe, eastern Europe, Middle East and Africa), new orders were down by 7.0 per cent. The Americas region (North, Central and South America) saw a significant year-on-year decline of 14.2 per cent. Order intake in the APAC region (Asia-Pacific) grew slightly by 0.8 per cent.

Global new orders for IC trucks shrank by 9.0 per cent. There were also declines in order intake for electric forklift trucks (down by 4.5 per cent) and warehouse trucks (down by 2.2 per cent). > TABLE 02

According to the KION Group's estimates, the trend towards warehouse automation and towards sorting solutions and automated goods transport is continuing and it generated strong demand in the market for supply chain solutions. This trend was further bolstered by capital investment in connection with multichannel and e-commerce strategies. A growing number of businesses invested in the expansion and optimisation of their warehouse and logistics capacities and in automated warehouse systems that include not

Global industrial truck market (order intake) TABLE 02

in thousand units	Q2 2019	Q2 2018	Change	Q1–Q2 2019	Q1–Q2 2018	Change
Western Europe	102.8	114.8	–10.4%	211.7	228.7	–7.4%
Eastern Europe	21.9	23.5	–6.7%	43.9	46.4	–5.4%
Middle East and Africa	8.4	10.2	–17.9%	18.1	19.1	–5.2%
North America	66.4	72.6	–8.5%	125.6	147.9	–15.0%
Central and South America	8.9	10.1	–12.4%	18.4	19.9	–7.8%
Asia-Pacific	168.8	177.2	–4.7%	341.8	339.1	0.8%
World	**377.3**	**408.5**	**–7.6%**	**759.5**	**801.1**	**–5.2%**

Source: WITS/FEM

only solutions for individual processes, such as picking and packing, but also fully integrated end-to-end solutions. Against this backdrop, the Supply Chain Solutions segment achieved a solid level of order intake in the second quarter, but was unable to match the record volume of orders received in the equivalent quarter of 2018.

Procurement markets and conditions in the financial markets

On the whole, prices for the commodities used by the KION Group fell slightly during the first half of 2019. The steel price held steady after having risen in 2018. The average copper price in the first half of 2019 was slightly down on the prior-year period. Crude oil (Brent) fluctuated around an average price of US$66.1 per barrel over the course of the reporting period. It had stood at US$71.03 at the midway point of 2018. The price of rubber recovered the losses that it had recorded in 2018 and surged further ahead.

Currency effects had only a negligible impact on the KION Group's business situation in the first half of 2019. Despite a rally in the second quarter, the euro recorded modest falls against the US dollar and the Chinese renminbi compared with the prior-year period.

Business performance in the Group

The KION Group successfully consolidated its position in the first half of 2019 despite a general slowdown in the global economy. Work began in March 2019 on converting and modernising a newly acquired plant for industrial trucks at the Indian production site in Pune and is progressing according to plan. The plant is scheduled to go into operation before the year is out. The new factory, in which capital of around €15 million is being invested, incorporates a research and development centre, a training centre for service personnel and an additional space designed to drive forward Dematic's future growth in India. This expansion of capacity is further strengthening the KION Group's leading position in the fast-growing Indian market.

In April 2019, KION GROUP AG issued a new floating-rate promissory note in a nominal amount of €120.5 million. In return, €20.5 million of the fixed-rate tranche of the promissory note from 2018 was repaid ahead of schedule. Also in the first half of 2019, a partial early repayment was made under the acquisition facilities agreement (AFA). This reduced it by a total of €200.0 million to €400.0 million, with a sum of €100.0 million being repaid in both the first quarter and the second quarter.

Financial performance and financial position

OVERALL ASSESSMENT OF THE ECONOMIC SITUATION

In the first half of 2019, despite a modest downturn in the market for industrial trucks, the KION Group recorded a substantial revenue increase of 12.6 per cent and a significant improvement in its adjusted EBIT margin, which rose by 0.4 percentage points to 9.3 per cent. Order intake was 2.6 per cent down on the very strong prior-year result, which had been bolstered by particularly high order levels in the Supply Chain Solutions segment.

Both operating segments contributed to a generally encouraging set of results. The Industrial Trucks & Services segment maintained its order intake and revenue in a generally declining market. It was helped by a favourable product mix that contained a high proportion of electric-powered forklift trucks and warehouse trucks. The Supply Chain Solutions segment saw a significant increase in revenue on the back of the strong order book built up in the prior year and registered growth in key customer segments.

Adjusted EBIT increased by 18.2 per cent or €62.7 million to €407.6 million and thus grew at a much faster rate than revenue. This means that the KION Group remains on track to meet the earnings targets that it set itself for 2019 as a whole. Importantly, the operational challenges related to the bottlenecks at suppliers that arose in the Industrial Trucks & Services segment over the course of 2018 were largely resolved. Slightly positive currency effects and only a modest rise in the price of materials also contributed to the improvement in earnings. A temporary year-on-year increase in net working capital in the first half of 2019 resulted in an overall negative free cash flow of €31.6 million (up by €9.0 million).

Net income for the period improved to €218.3 million, which was significantly higher than the figure for the prior-year period (€147.7 million). Basic earnings per share rose to €1.87 (H1 2018: €1.26). EBIT, bolstered by a budgeted reduction in the impact of purchase price allocations, contributed to this increase, as did a continued improvement in net interest expense. Net financial debt equated to 1.3 times adjusted EBITDA on an annualised basis.

BUSINESS SITUATION AND FINANCIAL PERFORMANCE OF THE KION GROUP

Level of orders

The KION Group's order intake amounted to €4,196.8 million, which was 2.6 per cent lower than the figure for the prior-year period (€4,309.0 million). Order intake in the Industrial Trucks & Services segment grew by a solid 1.7 per cent to €3,083.7 million despite the subdued market environment (H1 2018: €3,031.6 million). At €1,108.9 million, the value of order intake in the Supply Chain Solutions segment was 12.7 per cent lower than the strong level achieved in the prior-year period (H1 2018: €1,270.4 million), which had been bolstered by major orders placed in the second quarter of 2018. Currency effects had a small positive impact on the value of the KION Group's overall order intake, raising it by €35.0 million. These effects were predominantly attributable to the stronger US dollar.

The Group's order book contracted by 5.2 per cent, from €3,300.8 million at the end of 2018 to €3,130.7 million.

Revenue

Consolidated revenue went up by a substantial 12.6 per cent to €4,364.1 million (H1 2018: €3,874.4 million). In the Industrial Trucks & Services segment, revenue generated from external customers rose by 11.7 per cent to €3,143.6 million (H1 2018: €2,814.9 million), mainly because of strong sales of new trucks. Thanks to the high level of orders on hand from 2018, revenue generated from external customers in the Supply Chain Solutions segment increased by a significant 15.5 per cent to €1,209.6 million (H1 2018: €1,047.6 million). Growth was also very encouraging in the segment's service business, which advanced by 15.7 per cent to €282.5 million. Overall, the strong increase in new business during the reporting period meant that the share of consolidated revenue attributable to the service business stood at 40.8 per cent (H1 2018: 42.7 per cent). Currency effects had a small positive impact on consolidated revenue, increasing it by a total of €44.9 million. > TABLE 03

Revenue with third parties by product category TABLE 03

in € million	Q2 2019	Q2 2018	Change	Q1 – Q2 2019	Q1 – Q2 2018	Change
Industrial Trucks & Services	**1,635.8**	**1,447.2**	**13.0%**	**3,143.6**	**2,814.9**	**11.7%**
New business	881.8	729.1	20.9%	1,647.6	1,404.2	17.3%
Service business	754.0	718.0	5.0%	1,496.0	1,410.7	6.0%
– Aftersales	392.3	378.6	3.6%	785.2	741.2	5.9%
– Rental business	231.2	221.6	4.3%	458.4	434.1	5.6%
– Used trucks	95.3	80.7	18.1%	176.5	159.4	10.7%
– Other	35.2	37.1	–5.2%	75.9	75.9	0.0%
Supply Chain Solutions	**641.2**	**577.8**	**11.0%**	**1,209.6**	**1,047.6**	**15.5%**
Business solutions	495.4	450.1	10.1%	927.1	803.5	15.4%
Service business	145.7	127.7	14.1%	282.5	244.1	15.7%
Corporate Services	**3.8**	**6.2**	**–38.4%**	**11.0**	**12.0**	**–8.4%**
Total revenue	**2,280.7**	**2,031.1**	**12.3%**	**4,364.1**	**3,874.4**	**12.6%**

Revenue by sales region

A large part of the rise in revenue in the Industrial Trucks & Services segment was attributable to western and eastern Europe. Encouragingly, significant growth was also recorded in the Americas region (North, Central and South America) despite the downward trend in the market there. Revenue went up in all major sales regions in the Supply Chain Solutions segment, with Europe recording the biggest percentage rise. Fast-growing markets accounted for 19.4 per cent of the KION Group's revenue in the reporting period (H1 2018: 19.7 per cent). A total of 80.6 per cent of revenue (H1 2018: 81.2 per cent) was generated outside Germany. > TABLE 04

Earnings

EBIT and EBITDA

Earnings before interest and tax (EBIT) improved by a very healthy 34.1 per cent to €359.3 million (H1 2018: €268.0 million). The total figure for EBIT included the budgeted negative purchase price allocation effects of €43.8 million, which were down by €30.1 million on the prior-year period (H1 2018: €73.9 million). EBIT adjusted for non-recurring items and purchase price allocation effects (adjusted EBIT) improved by 18.2 per cent to €407.6 million (H1 2018: €344.9 million). The KION Group's adjusted EBIT margin increased by 0.4 percentage points to 9.3 per cent and so was higher than in the first half of 2018 (H1 2018: 8.9 per cent). The EBIT margin thus also improved on the first quarter of 2019 (Q1 2019: 8.8 per cent). > TABLE 05

Revenue with third parties by customer location

TABLE 04

in € million	Q2 2019	Q2 2018	Change	Q1 – Q2 2019	Q1 – Q2 2018	Change
Western Europe	1,349.0	1,160.3	16.3%	2,580.3	2,267.0	13.8%
Eastern Europe	176.0	135.3	30.1%	335.6	260.1	29.0%
Middle East and Africa	24.4	28.9	– 15.7%	46.8	57.4	– 18.4%
North America	448.9	443.1	1.3%	861.5	797.2	8.1%
Central and South America	56.2	43.3	29.8%	103.6	77.8	33.2%
Asia-Pacific	226.2	220.2	2.7%	436.4	414.8	5.2%
Total revenue	**2,280.7**	**2,031.1**	**12.3%**	**4,364.1**	**3,874.4**	**12.6%**

EBIT

TABLE 05

in € million	Q2 2019	Q2 2018	Change	Q1 – Q2 2019	Q1 – Q2 2018	Change
EBIT	**200.6**	**142.1**	**41.1%**	**359.3**	**268.0**	**34.1%**
+ Non-recurring items	3.4	4.0	– 15.1%	4.6	3.0	51.2%
+ PPA items	21.3	40.9	– 47.9%	43.8	73.9	– 40.7%
Adjusted EBIT	**225.2**	**187.0**	**20.5%**	**407.6**	**344.9**	**18.2%**

EBITDA advanced to €799.4 million (H1 2018: €716.3 million). Adjusted EBITDA rose to €804.0 million (H1 2018: €717.8 million), giving an adjusted EBITDA margin of 18.4 per cent (H1 2018: 18.5 per cent). > TABLE 06

EBITDA for the long-term leasing business, which is derived from internal reporting and assumes a minimum rate of return on the capital employed, amounted to €164.6 million in the reporting period (H1 2018: €155.9 million).

Key influencing factors for earnings

The cost of sales rose by 12.1 per cent to €3,217.9 million (H1 2018: €2,870.5 million). This was lower than the increase in revenue, partly because material prices rose only modestly and partly because the fallout from the production inefficiencies arising from bottlenecks at suppliers in the Industrial Trucks & Services segment was largely resolved in the second quarter. As a result, the gross margin improved to 26.3 per cent (H1 2018: 25.9 per cent). Selling expenses and general administrative expenses as well as research and development costs were up by 7.5 per cent overall, a disproportionally low increase that also contributed to the improvement in the EBIT margin. Moreover, the reduced purchase price allocation effects had a positive impact on both the cost of sales and other functional costs.

The change in the cost of sales and in other functional costs is shown in > TABLE 07.

Net financial expenses

The net financial expenses, representing the balance of financial income and financial expenses, improved slightly to €50.5 million in the first half of 2019 (H1 2018: net financial expenses of €53.9 million). This is partly a reflection of the lower average net financial debt in comparison with the prior-year period.

Income taxes

Income tax expenses rose to €90.5 million (H1 2018: €66.4 million) because of the increase in earnings before tax. The tax rate was 29.3 per cent (H1 2018: 31.0 per cent). This decrease in the effective tax rate resulted from factors such as local tax rate reductions and the adjustment of tax provisions for prior years.

Net income for the period

At €218.3 million, net income for the period was up by €70.5 million year on year (H1 2018: €147.7 million). Basic earnings per share attributable to the shareholders of KION GROUP AG came to €1.87 (H1 2018: €1.26) based on 117.9 million (H1 2018: 117.9 million) no-par-value shares.

BUSINESS SITUATION AND FINANCIAL PERFORMANCE OF THE SEGMENTS

Industrial Trucks & Services segment

Business performance and order intake

The Industrial Trucks & Services segment outperformed the global market trend in almost all sales regions, with the exception of China, in regards to order volume in its new truck business. Whereas the

EBITDA TABLE 06

in € million	Q2 2019	Q2 2018	Change	Q1 – Q2 2019	Q1 – Q2 2018	Change
EBITDA	**421.7**	**374.6**	**12.6%**	**799.4**	**716.3**	**11.6%**
+ Non-recurring items	3.4	2.4	38.3%	4.6	1.5	> 100%
+ PPA items	0.0	−0.1	100.0%	0.0	0.0	–
Adjusted EBITDA	**425.0**	**377.0**	**12.7%**	**804.0**	**717.8**	**12.0%**

global market declined by 5.2 per cent, unit sales in the segment, at 109.2 thousand, were nearly on a par with the strong figure for the first half of 2018 (down by 1.2 per cent). Of the total number of orders, 62.1 per cent were accounted for by the Linde brand including Fenwick, 30.9 per cent by the STILL brand and the remaining 7.0 per cent by the Baoli and OM Voltas brands. The value of order intake rose by 1.7 per cent to €3,083.7 million (H1 2018: €3,031.6 million). > TABLE 08

(Condensed) income statement TABLE 07

in € million	Q2 2019	Q2 2018	Change	Q1 – Q2 2019	Q1 – Q2 2018	Change
Revenue	2,280.7	2,031.1	12.3%	4,364.1	3,874.4	12.6%
Cost of sales	–1,686.2	–1,518.4	–11.0%	–3,217.9	–2,870.5	–12.1%
Gross profit	**594.6**	**512.7**	**16.0%**	**1,146.2**	**1,003.9**	**14.2%**
Selling expenses and administrative expenses	–375.0	–346.0	–8.4%	–734.5	–683.4	–7.5%
Research and development costs	–38.0	–34.4	–10.6%	–74.5	–69.3	–7.5%
Other	19.0	9.8	94.3%	22.0	16.7	31.6%
Earnings before interest and taxes (EBIT)	**200.6**	**142.1**	**41.1%**	**359.3**	**268.0**	**34.1%**
Net financial expenses	–25.7	–25.1	–2.5%	–50.5	–53.9	6.3%
Earnings before taxes	**174.8**	**117.0**	**49.4%**	**308.8**	**214.1**	**44.2%**
Income taxes	–49.7	–37.7	–31.7%	–90.5	–66.4	–36.4%
Net income	**125.2**	**79.3**	**57.8%**	**218.3**	**147.7**	**47.7%**

Key figures – Industrial Trucks & Services TABLE 08

in € million	Q2 2019	Q2 2018	Change	Q1 – Q2 2019	Q1 – Q2 2018	Change
Order intake	1,573.2	1,546.5	1.7%	3,083.7	3,031.6	1.7%
Total revenue	1,638.2	1,449.6	13.0%	3,146.8	2,818.3	11.7%
EBITDA	355.5	317.0	12.2%	679.4	619.3	9.7%
Adjusted EBITDA	355.3	318.0	11.7%	679.3	619.0	9.7%
EBIT	177.8	136.1	30.6%	326.3	273.2	19.4%
Adjusted EBIT	177.7	148.2	19.9%	326.5	284.2	14.9%
Adjusted EBITDA margin	21.7%	21.9%	–	21.6%	22.0%	–
Adjusted EBIT margin	10.8%	10.2%	–	10.4%	10.1%	–

Revenue

Segment revenue went up by 11.7 per cent to €3,146.8 million (H1 2018: €2,818.3 million), primarily because of the strong growth in new business (up by 17.3 per cent). All product categories saw increases. Revenue from the service business advanced by 6.0 per cent year on year, with all parts of the service business contributing to the growth. As a result of the disproportionately strong growth of new business, the share of external segment revenue accounted for by the service business fell to 47.6 per cent (H1 2018: 50.1 per cent).

Earnings

Adjusted EBIT improved by a significant 14.9 per cent year on year to reach €326.5 million (H1 2018: €284.2 million). At 10.4 per cent, the segment's adjusted EBIT margin was in double digits again and was higher than the figure for the prior-year period (H1 2018: 10.1 per cent). In the second quarter, the fallout from the bottlenecks at suppliers no longer had any significant impact on segment earnings. After taking into account non-recurring items and purchase price allocation effects, EBIT amounted to €326.3 million (H1 2018: €273.2 million). Adjusted EBITDA rose to €679.3 million (H1 2018: €619.0 million). This equated to an adjusted EBITDA margin of 21.6 per cent (H1 2018: 22.0 per cent).

Supply Chain Solutions segment

Business performance and order intake

At €1,108.9 million, the value of order intake in the Supply Chain Solutions segment fell short of the strong level achieved in the prior-year period (H1 2018: €1,270.4 million), which had been bolstered by major orders placed in the second quarter of 2018. A substantial increase in orders in Europe made a positive contribution to the overall result. There was also a small positive impact from the stronger US dollar, which pushed up order intake by €39.6 million in the reporting period. > TABLE 09

Revenue

Segment revenue went up by 15.4 per cent to €1,210.9 million (H1 2018: €1,049.5 million), primarily because of the progressive fulfilment of the high level of orders on hand from the end of 2018. All sales regions contributed to this revenue increase. Strong growth in Europe was a factor in the rise in revenue generated from long-term projects (business solutions). The service business (customer services) grew by an encouraging 15.7 per cent and overall accounted for 23.4 per cent of the segment's external revenue (H1 2018: 23.3 per cent). The proportion of revenue generated in North America stood at 65.9 per cent, which was down from 69.7 per cent in the first half of 2018 due to an increase in revenue in Europe.

Key figures – Supply Chain Solutions TABLE 09

in € million	Q2 2019	Q2 2018	Change	Q1 – Q2 2019	Q1 – Q2 2018	Change
Order intake	506.0	874.2	–42.1%	1,108.9	1,270.4	–12.7%
Total revenue	642.0	578.8	10.9%	1,210.9	1,049.5	15.4%
EBITDA	74.7	63.3	18.1%	135.7	109.0	24.5%
Adjusted EBITDA	78.2	64.0	22.3%	140.3	110.1	27.4%
EBIT	39.0	19.4	> 100%	63.9	21.3	> 100%
Adjusted EBIT	63.6	51.5	23.5%	111.8	86.5	29.3%
Adjusted EBITDA margin	12.2%	11.1%	–	11.6%	10.5%	–
Adjusted EBIT margin	9.9%	8.9%	–	9.2%	8.2%	–

Earnings

The segment's adjusted EBIT rose by a significant 29.3 per cent to €111.8 million (H1 2018: €86.5 million) on the back of higher revenue and a disproportionately low increase in selling expenses and administrative expenses. Moreover, project-related personnel capacity had been underutilised in the prior-year period. As a result, the adjusted EBIT margin for the period improved to 9.2 per cent (H1 2018: 8.2 per cent). After taking into account non-recurring items and purchase price allocation effects, EBIT came to €63.9 million (H1 2018: €21.3 million).

Adjusted EBITDA amounted to €140.3 million (H1 2018: €110.1 million); the adjusted EBITDA margin was 11.6 per cent (H1 2018: 10.5 per cent).

Corporate Services segment

Business performance

The Corporate Services segment comprises holding companies and other service companies that provide services such as IT and logistics across all segments.

Revenue and earnings

The segment's total revenue, which mainly resulted from internal IT and logistics services, increased to €156.9 million (H1 2018: €151.0 million).

Adjusted EBIT for the segment came to €92.8 million (H1 2018: €72.9 million) and included intra-group dividend income of €123.6 million (H1 2018: €98.6 million). Adjusted EBIT excluding intra-group dividend income amounted to minus €30.8 million (H1 2018: minus €25.7 million). Adjusted EBITDA stood at €107.9 million, or minus €15.7 million excluding intra-group dividend income (H1 2018: €87.4 million, or minus €11.2 million). > TABLE 10

NET ASSETS

Non-current assets rose moderately to €10,354.5 million as at 30 June 2019 (31 December 2018: €10,150.6 million). The total carrying amount of intangible assets was virtually unchanged at €5,721.4 million (31 December 2018: €5,721.6 million). The goodwill included in this figure rose to €3,442.2 million due to currency effects (31 December 2018: €3,424.8 million). Other property, plant and equipment stood at €1,090.1 million (31 December 2018: €1,077.8 million) and included a figure of €391.2 million for right-of-use assets related to procurement leases (31 December 2018: €390.7 million). Right-of-use assets amounted to €271.9 million for land and buildings (31 December 2018: €276.4 million) and €119.2 million for plant & machinery and office furniture & equipment (31 December 2018: €114.3 million).

The short-term rental fleet was stable in the first half of 2019, with rental assets of €653.5 million as at 30 June 2019 (31 December 2018: €670.5 million). Leased assets for direct and indirect leases with end customers that are classified as operating leases increased to €1,298.6 million (31 December 2018: €1,261.8 million). Long-term lease receivables arising from leases with end customers that are classified as finance leases rose to €946.4 million (31 December 2018: €826.2 million).

Key figures – Corporate Services TABLE 10

in € million	Q2 2019	Q2 2018	Change	Q1–Q2 2019	Q1–Q2 2018	Change
Order intake	76.9	74.9	2.6%	156.9	151.0	3.9%
Total revenue	76.9	74.9	2.6%	156.9	151.0	3.9%
EBITDA	115.0	93.1	23.6%	107.8	86.7	24.4%
Adjusted EBITDA	115.1	93.6	22.9%	107.9	87.4	23.5%
EBIT	107.4	85.3	25.8%	92.7	72.2	28.4%
Adjusted EBIT	107.5	85.9	25.1%	92.8	72.9	27.3%

Overall, current assets advanced to €3,189.5 million (31 December 2018: €2,818.2 million), primarily because of the rise in inventories in the Industrial Trucks & Services segment. Trade receivables increased to €1,100.9 million (31 December 2018: €1,036.4 million). Contract assets mainly related to Dematic's project business and, at €154.4 million, were also higher than at the end of last year (31 December 2018: €119.3 million).

The rise in the KION Group's net working capital to €1,058.5 million as at 30 June 2019 (31 December 2018: €676.1 million) was due to the temporary increase in inventories and to customer orders being fulfilled in the project business as scheduled. Cash and cash equivalents advanced from €175.3 million as at 31 December 2018 to €180.2 million as at 30 June 2019. > TABLE 11

FINANCIAL POSITION

The principles and objectives applicable to financial management as at 30 June 2019 were the same as those described in the 2018 combined management report. As part of its financial management activities, the KION Group is continually optimising its financial liabilities and, to an increasing extent, the financing of the long-term leasing business.

In April 2019, KION GROUP AG issued a new floating-rate promissory note in a nominal amount of €120.5 million. In return, €20.5 million of the fixed-rate tranche of the promissory note from 2018 was repaid ahead of schedule. The liabilities in connection with the acquisition facilities agreement (AFA) were reduced by a total of €200.0 million in the first half of 2019 as a result of an early repayment of €100.0 million in both the first quarter and second quarter. The outstanding balance of the AFA, which has a floating interest rate and matures in October 2021, thus came to €400.0 million as at 30 June 2019.

The KION Group has issued guarantees to the banks for all of the payment obligations under the senior facilities agreement (SFA) and the AFA and it is the borrower in respect of all the payment obligations resulting from promissory notes. All covenants were complied with as at the end of the first half of 2019.

Analysis of capital structure

At €10,243.5 million, current and non-current liabilities had risen by €579.8 million as at the reporting date (31 December 2018: €9,663.7 million). The increased volume of business led to a rise not only in liabilities attributable to financing of the long-term leasing business but also in trade payables.

Financial liabilities totalled €2,309.0 million (31 December 2018: €2,045.2 million). Within this amount, non-current financial liabilities declined to €1,724.3 million due to partial repayment of the borrowing under the AFA (31 December 2018: €1,818.7 million). The increase of €358.1 million in current financial liabilities to €584.6 million (31 December 2018: €226.5 million) was in part attributable to the financing of the temporary rise in net working capital. As at 30 June 2019, the unused revolving credit facility under the SFA stood at €919.9 million (31 December 2018: €1,048.2 million). Net financial debt (non-current and current financial liabilities less cash and cash equivalents) thus amounted to €2,128.7 million (31 December 2018: €1,869.9 million). This equated to 1.3 times the annualised adjusted EBITDA. > TABLE 12

At €1,214.3 million, the retirement benefit obligation was significantly higher than at the end of last year (31 December 2018: €1,043.0 million), largely owing to lower discount rates.

The continuing expansion of the long-term leasing business led to an increase in the funding volume during the period under review. This volume totalled €2,164.0 million as at 30 June 2019 (31 December 2018: €1,906.0 million). Of this total, €1,602.6 million (31 December 2018: €1,165.3 million) related to the financing of the long-term direct and indirect leasing business in the form of liabilities from financial services, which also include the residual value obligations arising from the indirect leasing business in an amount of €309.6 million (31 December 2018: €319.5 million). The remaining amount of €561.4 million was attributable to lease liabilities (31 December 2018: €740.6 million).

A sum of €371.2 million (31 December 2018: €307.1 million), representing a portion of the financing of the short-term rental fleet, was recognised under liabilities from financial services. Overall, liabilities from financial services rose by €501.4 million to €1,973.8 million (31 December 2018: €1,472.4 million).

(Condensed) statement of financial position

TABLE 11

in € million	30/06/2019	in %	31/12/2018	in %	Change
Non-current assets	10,354.5	76.5%	10,150.6	78.3%	2.0%
Current assets	3,189.5	23.5%	2,818.2	21.7%	13.2%
Total assets	**13,544.0**	**–**	**12,968.8**	**–**	**4.4%**
Equity	3,300.5	24.4%	3,305.1	25.5%	–0.1%
Non-current liabilities	6,115.1	45.1%	5,999.1	46.3%	1.9%
Current liabilities	4,128.5	30.5%	3,664.6	28.3%	12.7%
Total equity and liabilities	**13,544.0**	**–**	**12,968.8**	**–**	**4.4%**

Industrial net operating debt

TABLE 12

in € million	30/06/2019	31/12/2018	Change
Liabilities to banks	983.6	826.4	19.0%
Promissory notes	1,320.8	1,214.3	8.8%
Other financial liabilities to non-banks	4.6	4.6	1.2%
Financial liabilities	**2,309.0**	**2,045.2**	**12.9%**
Less cash and cash equivalents	–180.2	–175.3	–2.8%
Net financial debt	**2,128.7**	**1,869.9**	**13.8%**
Liabilities from financial services (short-term rental fleet)	371.2	307.1	20.9%
Other financial liabilities (short-term rental fleet)	230.4	289.9	–20.5%
Liabilities from short-term rental fleet financing	**601.6**	**597.0**	**0.8%**
Liabilities from procurement leases	**423.1**	**421.2**	**0.4%**
Industrial net operating debt	**3,153.4**	**2,888.1**	**9.2%**

Current and non-current other financial liabilities totalled €778.7 million (31 December 2018: €813.2 million). In addition to the remaining €230.4 million (31 December 2018: €289.9 million) for the financing of the short-term rental fleet by means of sale and leaseback sub-lease transactions, they include liabilities from procurement leases amounting to €423.1 million (31 December 2018: €421.2 million).

The decline in contract liabilities, from €570.1 million as at 31 December 2018 to €394.0 million, mainly related to the progressive fulfilment of customer orders in the long-term project business.

Consolidated equity fell only slightly overall to €3,300.5 million as at 30 June 2019 (31 December 2018: €3,305.1 million). Net income for the period increased equity by €218.3 million. Conversely, equity was reduced by KION GROUP AG's dividend payout of €141.5 million and actuarial losses of €104.4 million (after deferred taxes) arising from the measurement of defined benefit obligations due to the lower level of interest rates. The equity ratio was 24.4 per cent, which was 1.1 percentage points below the level as at 31 December 2018 (25.5 per cent) because of the increase in the volume of business and the associated increase in total assets. > TABLE 11

Analysis of capital expenditure

The KION Group's total capital expenditure on property, plant and equipment and on intangible assets (excluding right-of-use assets from procurement leases) came to €113.0 million in the first half of 2019, compared with €103.9 million in the first six months of 2018. Spending in the Industrial Trucks & Services segment continued to be focused on capital expenditure on product development and on the expansion and modernisation of production and technology facilities. For example, a new plant in Pune, India, was acquired that will increase capacity. Capital expenditure in the Supply Chain Solutions segment mainly related to development costs.

Analysis of liquidity

Cash and cash equivalents increased slightly to €180.2 million as at 30 June 2019 (31 December 2018: €175.3 million). Taking into account the revolving credit facility that was still freely available, the unrestricted cash and cash equivalents available to the KION Group at 30 June 2019 amounted to €1,097.4 million (31 December 2018: €1,219.8 million).

Net cash provided by operating activities amounted to €70.1 million (H1 2018: €104.6 million). While the improvement in EBIT made a positive contribution, there was a negative impact from the significant increase in net working capital. In addition, the expansion of the leasing business gave rise to cash payments of €63.6 million (H1 2018: €46.9 million).

The €101.7 million in net cash used for investing activities was almost at the same level as in the first half of last year (H1 2018: €95.5 million). Within this figure, cash payments for capital expenditure on product development and on property, plant and equipment (excluding right-of-use assets related to procurement leasing) rose to €113.0 million (H1 2018: €103.9 million).

Free cash flow – the sum of cash flow from operating activities and investing activities – came to minus €31.6 million (H1 2018: plus €9.0 million).

The net cash provided by financing activities of €34.5 million (H1 2018: net cash used for financing activities of €0.4 million) was partly attributable to the issuing of a new promissory note and to drawdowns from the revolving credit facility that were partly offset by a further partial repayment of a long-term tranche under the AFA. In addition, the payment of a dividend to the shareholders of KION GROUP AG in May 2019 resulted in an outflow of funds of €141.5 million (H1 2018: net cash outflow of €116.8 million). Overall, financial debt taken on during the reporting period stood at €1,687.3 million (H1 2018: €1,215.8 million); repayments amounted to €1,431.4 million (H1 2018: €1,022.4 million). Payments made for interest portions and principal portions under procurement leases amounted to €60.1 million in the first half of 2019 (H1 2018: €55.6 million). The net cash used for current interest payments decreased from €25.7 million in the first half of 2018 to €19.9 million in the reporting period due to a year-on-year fall in average financial debt. > TABLE 13

Non-financial information

EMPLOYEES

As at 30 June 2019, the KION Group employed 33,740 full-time equivalents (31 December 2018: 33,128). This increase in the first half of the year was attributable to both operating segments. By taking on more staff, the KION Group is strengthening its project business and accelerating the ongoing expansion of its service and sales activities in both segments. In terms of regions, most of the new jobs were added in EMEA and the Americas.

Personnel expenses in the first half of the year rose by 9.3 per cent to €1,155.3 million (H1 2018: €1,056.6 million), mainly as a result of the increase in the number of employees and changes to collective bargaining agreements. > TABLE 14

(Condensed) statement of cash flows

TABLE 13

in € million	Q2 2019	Q2 2018	Change	Q1–Q2 2019	Q1–Q2 2018	Change
EBIT	200.6	142.1	41.1%	359.3	268.0	34.1%
Cash flow from operating activities	–61.9	41.6	<–100%	70.1	104.6	–33.0%
Cash flow from investing activities	–51.7	–45.3	–14.1%	–101.7	–95.5	–6.4%
Free cash flow	**–113.6**	**–3.7**	**<–100%**	**–31.6**	**9.0**	**<–100%**
Cash flow from financing activities	131.5	–35.9	>100%	34.5	–0.4	>100%
Effect of exchange rate changes on cash	–1.7	–0.2	<–100%	2.0	–1.4	>100%
Change in cash and cash equivalents	**16.2**	**–39.8**	**>100%**	**4.9**	**7.2**	**–31.9%**

Employees (full-time equivalents)

TABLE 14

	30/06/2019	31/12/2018	Change
Western Europe	20,963	20,647	1.5%
Eastern Europe	2,931	2,773	5.7%
Middle East and Africa	113	210	–46.2%
North America	3,103	2,977	4.2%
Central and South America	1,310	1,225	6.9%
Asia-Pacific	5,320	5,296	0.5%
Total	**33,740**	**33,128**	**1.8%**

RESEARCH AND DEVELOPMENT

Total spending on research and development went up by 4.4 per cent year on year to reach €112.6 million (H1 2018: €107.8 million), which equates to 2.6 per cent of revenue (H1 2018: 2.8 per cent). Within this total, research and development costs of €74.5 million (H1 2018: €69.3 million) were expensed, including a sum of €40.2 million for amortisation of capitalised development costs (H1 2018: €37.4 million). Additional development costs of €38.1 million (H1 2018: €38.6 million) were capitalised during the reporting period. > TABLE 15

Research and development (R&D) TABLE 15

in € million	Q2 2019	Q2 2018	Change	Q1 – Q2 2019	Q1 – Q2 2018	Change
Research and development costs (P&L)	38.0	34.4	10.6%	74.5	69.3	7.5%
Capitalised development costs	19.6	20.7	– 5.1%	38.1	38.6	– 1.1%
Total R&D spending	**57.6**	**55.1**	**4.7%**	**112.6**	**107.8**	**4.4%**
R&D spending as percentage of revenue	2.5%	2.7%	–	2.6%	2.8%	–

Focus of R&D in the first half of 2019

Under the KION 2027 strategy, research and development is still set up so as to provide the best possible support for the long-term success of the KION Group as the world's second-largest manufacturer of industrial trucks and the leading provider by revenue of automation technology. This was reflected in the areas of focus during the reporting period.

Energy

Energy-efficient drive concepts were one area of focus, as they were in 2018 as well. The availability of lithium-ion technology was improved again in the first six months of the year. Virtually all new products can, at the customer's request, be fitted with the new battery concept. This includes the new generation of the Linde N20 C low-lift order picker, which makes order picking in the 1.2 to 2.5 tonne capacity range more cost effective, and STILL's new electronic pallet trucks, which have extended the load capacity covered by the product range to up to 2.5 tonnes.

The proportion of industrial trucks equipped with lithium-ion technology rose again, in part because of significant new orders, including one for Linde to supply a fleet of energy-efficient pallet stackers. Having a safe and quality-assured complete system comprising the truck, battery and charger is a major plus point. Decentralised chargers enable the batteries to be topped up regularly, which eliminates the need for battery changes.

Digital

iQ Virtual is a new simulation and emulation platform from Dematic that provides a virtual environment to explore new configurations of existing systems. It can be directly integrated with the warehouse execution software Dematic iQ Optimize to test in advance how efficiently a particular system would run under different operating conditions and in different scenarios. The virtual emulation model uses graphical rendering technology to provide an accurate portrayal of labour productivity and the automated flow of materials, thus making a significant contribution to warehousing efficiency with the aid of integrated software control. Making greater use of artificial intelligence for products and software solutions is a further long-term focus in the field of digitalisation.

In addition, Linde presented a service manager app that allows service jobs to be created using a smartphone.

Automation

PackMyRide, the world's first fully automated parcel-loading solution, is revolutionising how parcels are handled prior to the 'last mile' stage of delivery. The subsystem collects the parcels from the existing intralogistics system and transports them into mobile racking units that communicate with automated guided vehicle systems. This fully automates the process of loading delivery vehicles, which means huge time and cost savings for parcel delivery services and customers from other industries. A PackMyRide pilot subsystem is currently being tested in partnership with parcel delivery service DPD.

Efficiency gains are also being achieved with the new subsystem for returns management, which runs on Dematic iQ software: it accelerates all processing steps from inspection to repackaging and allows omnichannel retailers and online retailers to significantly increase the number of returns they handle each day and thus raise customer satisfaction and productivity. Pouch sorters, originally a concept from the fashion industry, are increasingly being used in the distribution centres of online retailers. Dematic has developed a durable, cost-effective and fully automated mechanism for opening the bottom of the pouches that offers a unique selling proposition with substantial benefits for the customer.

The KION Group, through various committees and research projects, is also exploring future customer needs in connection with the new 5G communications standard. Going forward, this will allow the step towards fully automated Industry 4.0 systems, including robotics applications, to be taken without intermediate stages and with improved integration of data.

CUSTOMERS

The KION brand companies have again exhibited at the sector's leading trade fairs in various regions this year in order to intensify their collaboration with customers and partners from a wide variety of industries.

In the Industrial Trucks & Services segment, the Linde, STILL and Baoli brand companies presented their most important innovations in the fields of automation, energy and safety at the 2019 LogiMAT trade fair in Stuttgart. KION North America also exhibited at ProMAT in Chicago, where it was represented by the brand companies Linde and Baoli.

Dematic was also in attendance at both of these trade fairs to present on-demand solutions in the Supply Chain Solutions segment and host seminars on data management in intralogistics, automation solutions and hybrid driverless systems. The Dematic customer day was also launched as a new format targeted specifically at small and medium-sized enterprises and focusing mainly on compact and versatile automation solutions as well as aftersales services.

The level of appreciation from customers and the highly innovative nature of the KION products were again recognised by major awards during the reporting period. STILL won yet another IFOY Award – this time for the automated LiftRunner with LTX 50 in the AGV & Intralogistics Robot category and for its online portal for intelligent fleet management, STILL neXXt fleet. Dematic was named World Trader of the Year by the West Michigan World Trade Association and received the 2019 German Brand Award in the year that it celebrates its 200th anniversary.

OUTLOOK, RISK REPORT AND OPPORTUNITY REPORT

Outlook

EXPECTED BUSINESS PERFORMANCE

Contrary to the forecasts made in the 2018 group management report, there was a modest deterioration in the economic climate. The indicators for industrial output and manufacturing are also on a downward trend in comparison to the turn of the year.

Sectoral conditions are mixed. The positive trend that was anticipated for warehouse systems is being sustained by further fast growth in the online retail market. Unit sales of industrial trucks were weak in the first six months of the year, so there are currently doubts as to whether it will still be possible to achieve a growth rate close to the long-term trend of around 4 per cent for the year as a whole, as originally expected. This will partly depend on what happens next in the trade talks, particularly those between the US and China. Nevertheless, the overall market for industrial trucks and warehouse systems is likely to expand again in 2019, as originally forecasted.

Despite the temporary dip in economic data, the KION Group is adhering to the forecast for the year as a whole that was published in the 2018 combined management report and believes it will continue along its path of profitable growth while further improving its market position. Following rises in the first half of 2019, both revenue and adjusted EBIT are expected to increase over the year as a whole.

The order intake of the KION Group is still expected to be between €8,250 million and €8,950 million. The target figure for consolidated revenue remains in the range of €8,150 million to €8,650 million. The target range for adjusted EBIT is unchanged at €805 million to €875 million. Free cash flow is expected to be in a range between €380 million and €480 million. The target figure for ROCE is in the range of 9.0 per cent to 10.0 per cent.

Order intake in the Industrial Trucks & Services segment is expected to be between €6,250 million and €6,450 million. The target figure for revenue is in the range of €6,050 million to €6,250 million. The target range for adjusted EBIT is €685 million to €720 million.

Order intake in the Supply Chain Solutions segment is expected to be between €2,000 million and €2,500 million. The target figure for revenue is in the range of €2,100 million to €2,400 million. The target range for adjusted EBIT is €190 million to €225 million.

Opportunity and risk report

The KION Group's overall risk and opportunity situation has not changed significantly compared with the description in the 2018 combined management report. As things stand at present, there are no indications of any risks that could jeopardise the Company's continuation as a going concern.

Condensed consolidated interim financial statements

Consolidated income statement

TABLE 16

in € million	Q2 2019	Q2 2018	Q1 – Q2 2019	Q1 – Q2 2018
Revenue	2,280.7	2,031.1	4,364.1	3,874.4
Cost of sales	–1,686.2	–1,518.4	–3,217.9	–2,870.5
Gross profit	**594.6**	**512.7**	**1,146.2**	**1,003.9**
Selling expenses	–239.3	–228.1	–472.3	–449.1
Research and development costs	–38.0	–34.4	–74.5	–69.3
Administrative expenses	–135.6	–117.9	–262.2	–234.4
Other income	11.0	25.5	34.9	50.8
Other expenses	–2.2	–24.9	–23.2	–43.5
Profit from equity-accounted investments	10.2	9.2	10.4	9.5
Earnings before interest and taxes	**200.6**	**142.1**	**359.3**	**268.0**
Financial income	16.6	11.9	49.9	50.1
Financial expenses	–42.4	–37.0	–100.4	–103.9
Net financial expenses	**–25.7**	**–25.1**	**–50.5**	**–53.9**
Earnings before taxes	**174.8**	**117.0**	**308.8**	**214.1**
Income taxes	**–49.7**	**–37.7**	**–90.5**	**–66.4**
Current taxes	–56.7	–60.6	–112.0	–103.8
Deferred taxes	7.0	22.8	21.4	37.4
Net income	**125.2**	**79.3**	**218.3**	**147.7**
Attributable to shareholders of KION GROUP AG	127.0	79.6	220.0	148.5
Attributable to non-controlling interests	–1.8	–0.3	–1.7	–0.8
Earnings per share				
Average number of shares (in million)	117.9	117.9	117.9	117.9
Basic earnings per share (in €)	1.08	0.68	1.87	1.26
Diluted earnings per share (in €)	1.08	0.67	1.86	1.26

Consolidated statement of comprehensive income

TABLE 17

in € million	Q2 2019	Q2 2018	Q1 – Q2 2019	Q1 – Q2 2018
Net income	**125.2**	**79.3**	**218.3**	**147.7**
Items that will not be reclassified subsequently to profit or loss	**–56.7**	**0.6**	**–104.8**	**–2.2**
Gains / losses on defined benefit obligation	–55.2	3.9	–104.4	1.7
thereof changes in unrealised gains and losses	–80.2	8.7	–149.8	1.6
thereof tax effect	25.1	–4.7	45.4	0.1
Changes in unrealised gains / losses on financial investments	–1.6	–3.3	–0.3	–3.6
Changes in unrealised gains and losses from equity-accounted investments	0.0	0.0	–0.0	–0.3
Items that may be reclassified subsequently to profit or loss	**–48.0**	**68.5**	**23.2**	**10.7**
Impact of exchange differences	–52.5	78.5	26.1	20.6
thereof changes in unrealised gains and losses	–52.5	78.5	26.1	20.6
thereof realised gains (–) and losses (+)	0.0	0.0	0.0	0.0
Gains / losses on hedge reserves	4.8	–10.3	–2.6	–10.2
thereof changes in unrealised gains and losses	4.5	–12.8	–7.2	–9.8
thereof realised gains (–) and losses (+)	1.0	–1.6	3.1	–4.5
thereof tax effect	–0.7	4.1	1.4	4.1
Changes in unrealised gains / losses from equity-accounted investments	–0.3	0.3	–0.3	0.3
Other comprehensive loss (income)	**–104.7**	**69.2**	**–81.5**	**8.5**
Total comprehensive income	**20.4**	**148.5**	**136.7**	**156.2**
Attributable to shareholders of KION GROUP AG	22.2	148.8	138.4	157.0
Attributable to non-controlling interests	–1.7	–0.3	–1.6	–0.8

Consolidated statement of financial position – Assets

TABLE 18

in € million	30/06/2019	31/12/2018
Goodwill	3,442.2	3,424.8
Other intangible assets	2,279.2	2,296.8
Leased assets	1,298.6	1,261.8
Rental assets	653.5	670.5
Other property, plant and equipment	1,090.1	1,077.8
Equity-accounted investments	83.9	82.3
Lease receivables	946.4	826.2
Other financial assets	33.7	29.8
Other assets	61.0	58.9
Deferred taxes	465.9	421.7
Non-current assets	**10,354.5**	**10,150.6**
Inventories	1,192.5	994.8
Lease receivables	314.7	271.2
Contract assets	154.4	119.3
Trade receivables	1,100.9	1,036.4
Income tax receivables	22.5	31.5
Other financial assets	87.1	83.4
Other assets	137.2	106.2
Cash and cash equivalents	180.2	175.3
Current assets	**3,189.5**	**2,818.2**
Total assets	**13,544.0**	**12,968.8**

Consolidated statement of financial position – Equity and liabilities

TABLE 19

in € million	30/06/2019	31/12/2018
Subscribed capital	117.9	117.9
Capital reserve	3,034.1	3,033.1
Retained earnings	740.6	662.1
Accumulated other comprehensive loss	–593.0	–511.4
Non-controlling interests	0.9	3.3
Equity	**3,300.5**	**3,305.1**
Retirement benefit obligation	1,214.3	1,043.0
Financial liabilities	1,724.3	1,818.7
Liabilities from financial services	1,230.8	924.4
Lease liabilities	344.3	489.3
Other provisions	98.6	98.9
Other financial liabilities	484.7	524.6
Other liabilities	412.2	473.5
Deferred taxes	606.0	626.7
Non-current liabilities	**6,115.1**	**5,999.1**
Financial liabilities	584.6	226.5
Liabilities from financial services	743.1	548.0
Lease liabilities	217.1	251.3
Contract liabilities	394.0	570.1
Trade payables	995.3	904.2
Income tax liabilities	110.1	74.4
Other provisions	135.1	127.2
Other financial liabilities	294.1	288.6
Other liabilities	655.2	674.2
Current liabilities	**4,128.5**	**3,664.6**
Total equity and liabilities	**13,544.0**	**12,968.8**

Consolidated statement of cash flows

TABLE 20

in € million	Q1 – Q2 2019	Q1 – Q2 2018
Earnings before interest and taxes	**359.3**	**268.0**
Amortisation, depreciation and impairment charges of non-current assets	440.1	448.4
Non-cash reversals of deferred revenue from leases	– 109.4	– 115.3
Other non-cash income (–) / expenses (+)	7.5	10.4
Gains (–) / losses (+) on disposal of non-current assets	– 3.0	2.3
Change in leased assets (excluding depreciation) and receivables / liabilities from leasing business	– 63.6	– 46.9
Change in rental assets (excluding depreciation) and liabilities from rental business	– 78.1	– 120.9
Change in net working capital *	– 381.4	– 196.0
Cash payments for defined benefit obligations	– 10.7	– 9.9
Change in other provisions	6.9	– 13.0
Change in other operating assets / liabilities	– 30.3	– 31.4
Taxes paid	– 67.2	– 91.1
Cash flow from operating activities	**70.1**	**104.6**
Cash payments for purchase of non-current assets	– 113.0	– 103.9
Cash receipts from disposal of non-current assets	1.8	2.4
Dividends received	8.8	9.2
Acquisition of subsidiaries / other businesses (net of cash acquired)	0.0	– 1.1
Cash receipts / payments for sundry assets	0.7	– 2.1
Cash flow from investing activities	**– 101.7**	**– 95.5**

Consolidated statement of cash flows (continued) TABLE 20

in € million	Q1 – Q2 2019	Q1 – Q2 2018
Capital increase from issuing of employee shares	0.7	0.0
Dividend of KION GROUP AG	–141.5	–116.8
Dividends paid to non-controlling interests	–0.8	0.0
Cash receipts / payments for changes in ownership interests in subsidiaries without change of control	0.0	0.4
Financing costs paid	–2.1	–3.0
Proceeds from borrowings	1,687.3	1,215.8
Repayment of borrowings	–1,431.4	–1,022.4
Interest received	3.2	1.3
Interest paid	–19.9	–25.7
Interest and principal portion from procurement leases	–60.1	–55.6
Cash receipts / payments from other financing activities	–0.9	5.7
Cash flow from financing activities	**34.5**	**–0.4**
Effect of exchange rate changes on cash and cash equivalents	2.0	–1.4
Change in cash and cash equivalents	**4.9**	**7.2**
Cash and cash equivalents at the beginning of the period	175.3	173.2
Cash and cash equivalents at the end of the period	180.2	180.4

* Net Working Capital comprises inventories, contract assets, trade receivables less contract liabilities and trade payables

Consolidated statement of changes in equity*

in € million	Subscribed capital	Capital reserves	Retained earnings
Balance as at 01/01/2018	**117.9**	**3,034.0**	**521.3**
Effects from the initial application of IFRS 9, IFRS 15 and IFRS 16			–138.3
Net income (loss) for the period			–3.9
Other comprehensive income (loss)			
Balance as at 01/01/2018 (restated)	**117.9**	**3,034.0**	**379.0**
Net income for the period			148.5
Other comprehensive income (loss)			
Comprehensive income (loss)	**0.0**	**0.0**	**148.5**
Dividend of KION GROUP AG			–116.8
Changes from employee share option programme		0.4	
Effects from the acquisition/disposal of non-controlling interests			
Balance as at 30/06/2018	**117.9**	**3,034.3**	**410.8**
Balance as at 01/01/2019	**117.9**	**3,033.1**	**662.1**
Net income for the period			220.0
Other comprehensive income (loss)			
Comprehensive income (loss)	**0.0**	**0.0**	**220.0**
Dividend of KION GROUP AG			–141.5
Dividends paid to non-controlling interests			
Changes from employee share option programme	0.0	1.0	
Balance as at 30/06/2019	**117.9**	**3,034.1**	**740.6**

* Consolidated statement of changes in equity for 2018 was restated due to initial application of IFRS 9, IFRS 15 and IFRS 16

TABLE 21

Accumulated other comprehensive income (loss)							
Cumulative translation adjustment	Gains/losses on defined benefit obligation	Gains /losses on hedge reserves	Gains/losses on financial investments	Gains/losses from equity-accounted investments	Equity attributable to shareholders of KION GROUP AG	Non-controlling interests	Total
–255.1	**–283.3**	**1.8**	**8.4**	**–0.6**	**3,144.4**	**4.4**	**3,148.8**
					–138.3	0.0	–138.3
					–3.9	0.0	–3.9
0.4					0.4	0.0	0.4
–254.7	**–283.3**	**1.8**	**8.4**	**–0.6**	**3,002.5**	**4.4**	**3,006.9**
					148.5	–0.8	147.7
20.7	1.7	–10.2	–3.6	–0.0	8.5	–0.1	8.5
20.7	**1.7**	**–10.2**	**–3.6**	**–0.0**	**157.0**	**–0.8**	**156.2**
					–116.8	0.0	–116.8
					0.4	0.0	0.4
					0.0	0.2	0.2
–234.1	**–281.5**	**–8.5**	**4.8**	**–0.6**	**3,043.2**	**3.7**	**3,046.9**
–218.9	**–283.5**	**–10.4**	**1.9**	**–0.4**	**3,301.7**	**3.3**	**3,305.1**
					220.0	–1.7	218.3
26.0	–104.4	–2.6	–0.3	–0.3	–81.6	0.1	–81.5
26.0	**–104.4**	**–2.6**	**–0.3**	**–0.3**	**138.4**	**–1.6**	**136.7**
					–141.5	0.0	–141.5
					0.0	–0.8	–0.8
					1.0	0.0	1.0
–192.9	**–387.9**	**–13.0**	**1.6**	**–0.8**	**3,299.6**	**0.9**	**3,300.5**

Notes to the condensed consolidated interim financial statements

BASIS OF PRESENTATION

General information on the Company

KION GROUP AG, whose registered office is at Thea-Rasche-Strasse 8, 60549 Frankfurt am Main, Germany, is registered at the Frankfurt am Main local court under reference HRB 112163.

The condensed consolidated interim financial statements and the interim group management report were prepared by the Executive Board of KION GROUP AG on 23 July 2019.

Basis of preparation

The condensed consolidated interim financial statements of the KION Group for the six months ended 30 June 2019 have been prepared in line with International Accounting Standard (IAS) 34 'Interim Financial Reporting' and other International Financial Reporting Standards (IFRSs) as adopted by the European Union in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council concerning the application of international accounting standards for interim financial statements. A condensed scope of interim reporting has been prepared in accordance with IAS 34.

All of the IFRSs and the related interpretations (IFRICs/SICs) of the IFRS Interpretations Committee (IFRS IC) that had been issued by the reporting date and that were required to be applied for financial years commencing on or after 1 January 2019 have been applied in preparing these condensed consolidated interim financial statements. These condensed consolidated interim financial statements do not contain all the information and disclosures required of a set of consolidated annual financial statements and should therefore be read in conjunction with the consolidated financial statements prepared for the year ended 31 December 2018.

The reporting currency is the euro. All amounts are disclosed in millions of euros (€ million) unless stated otherwise. Due to rounding effects, addition of the individual amounts shown may result in minor rounding differences to the totals. The percentages shown are calculated on the basis of the respective amounts, rounded to the nearest thousand euros.

Basis of consolidation

A total of 26 German (31 December 2018: 26) and 105 foreign (31 December 2018: 108) subsidiaries were fully consolidated in addition to KION GROUP AG as at 30 June 2019.

In addition, two joint ventures and seven associates were consolidated and accounted for using the equity method as at 30 June 2019, which was the same number as at 31 December 2018.

56 (31 December 2018: 58) subsidiaries of minor importance and other equity investments (joint ventures and associates that are not accounted for using the equity method, plus financial investments) were not included in the consolidation.

Accounting policies

These condensed consolidated interim financial statements are based on the interim financial statements of the parent company and its consolidated subsidiaries prepared in accordance with the standard accounting policies applicable throughout the KION Group. The accounting policies used in these condensed consolidated interim financial statements, as well as the assumptions and estimates, are fundamentally the same as those used for the year ended 31 December 2018.

SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENT

Revenue

> TABLES 22–25 show revenue from contracts with customers, broken down by sales region, product category, timing of revenue recognition and segment.

Disaggregation of revenue with third parties

TABLE 22

	Q2 2019			
in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Total
Western Europe	1,193.0	152.5	3.5	1,349.0
Eastern Europe	167.4	8.4	0.3	176.0
Middle East and Africa	19.5	4.9	0.0	24.4
North America	30.1	418.8	0.0	448.9
Central and South America	54.6	1.7	0.0	56.2
Asia-Pacific	171.2	55.0	0.0	226.2
Total revenue	**1,635.8**	**641.2**	**3.8**	**2,280.7**
New business	881.8			881.8
Service business	754.0			754.0
– Aftersales	392.3			392.3
– Rental business	231.2			231.2
– Used trucks	95.3			95.3
– Other	35.2			35.2
Business solutions		495.4		495.4
Service business		145.7		145.7
Corporate Services			3.8	3.8
Total revenue	**1,635.8**	**641.2**	**3.8**	**2,280.7**
Timing of revenue recognition				
Products and services transferred at a point in time	1,271.9	64.3	2.3	1,338.5
Products and services transferred over a period of time	363.9	576.9	1.5	942.3

Disaggregation of revenue with third parties

TABLE 23

in € million	Q2 2018 Industrial Trucks & Services	Q2 2018 Supply Chain Solutions	Q2 2018 Corporate Services	Q2 2018 Total
Western Europe	1,041.0	113.8	5.5	1,160.3
Eastern Europe	132.4	2.2	0.7	135.3
Middle East and Africa	21.0	7.9	–0.0	28.9
North America	33.1	409.9	0.0	443.1
Central and South America	41.2	2.1	0.0	43.3
Asia-Pacific	178.5	41.7	0.0	220.2
Total revenue	**1,447.2**	**577.8**	**6.2**	**2,031.1**
New business	729.1			729.1
Service business	718.0			718.0
– Aftersales	378.6			378.6
– Rental business	221.6			221.6
– Used trucks	80.7			80.7
– Other	37.1			37.1
Business solutions		450.1		450.1
Service business		127.7		127.7
Corporate Services			6.2	6.2
Total revenue	**1,447.2**	**577.8**	**6.2**	**2,031.1**
Timing of revenue recognition				
Products and services transferred at a point in time	1,100.8	59.1	4.7	1,164.6
Products and services transferred over a period of time	346.4	518.6	1.5	866.5

Disaggregation of revenue with third parties TABLE 24

	Q1 – Q2 2019			
in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Total
Western Europe	2,289.1	281.4	9.8	2,580.3
Eastern Europe	314.7	19.8	1.1	335.6
Middle East and Africa	39.6	7.2	0.0	46.8
North America	64.9	796.6	0.0	861.5
Central and South America	100.8	2.8	0.0	103.6
Asia-Pacific	334.6	101.8	0.0	436.4
Total revenue	**3,143.6**	**1,209.6**	**11.0**	**4,364.1**
New business	1,647.6			1,647.6
Service business	1,496.0			1,496.0
– Aftersales	785.2			785.2
– Rental business	458.4			458.4
– Used trucks	176.5			176.5
– Other	75.9			75.9
Business solutions		927.1		927.1
Service business		282.5		282.5
Corporate Services			11.0	11.0
Total revenue	**3,143.6**	**1,209.6**	**11.0**	**4,364.1**
Timing of revenue recognition				
Products and services transferred at a point in time	2,425.9	123.2	7.9	2,557.0
Products and services transferred over a period of time	717.7	1,086.3	3.1	1,807.1

Disaggregation of revenue with third parties

TABLE 25

	Q1 – Q2 2018			
in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Total
Western Europe	2,040.8	215.8	10.4	2,267.0
Eastern Europe	254.3	4.4	1.5	260.1
Middle East and Africa	41.6	15.8	0.0	57.4
North America	67.4	729.8	0.0	797.2
Central and South America	74.1	3.7	0.0	77.8
Asia-Pacific	336.7	78.1	0.1	414.8
Total revenue	**2,814.9**	**1,047.6**	**12.0**	**3,874.4**
New business	1,404.2			1,404.2
Service business	1,410.7			1,410.7
– Aftersales	741.2			741.2
– Rental business	434.1			434.1
– Used trucks	159.4			159.4
– Other	75.9			75.9
Business solutions		803.5		803.5
Service business		244.1		244.1
Corporate Services			12.0	12.0
Total revenue	**2,814.9**	**1,047.6**	**12.0**	**3,874.4**
Timing of revenue recognition				
Products and services transferred at a point in time	2,137.0	112.7	9.1	2,258.8
Products and services transferred over a period of time	677.9	934.9	2.9	1,615.6

Net financial expenses

The net financial expenses, representing the balance of financial income and financial expenses, improved slightly from €53.9 million in the first half of 2018 to €50.5 million in the first six months of this year. Of this amount, €17.8 million (H1 2018: €18.6 million) was attributable to current interest expense on loan liabilities and promissory notes. Negative currency effects totalling €8.6 million (H1 2018: €4.8 million) had an adverse impact on net financial expenses.

Interest income from leases in an amount of €24.9 million (H1 2018: €21.1 million) relates to the interest portion of lease payments in financial services transactions in which KION Group entities operate as lessors (finance leases).

Correspondingly, there was interest expense on leases of €25.7 million (H1 2018: €27.0 million) that is attributable both to liabilities from financing the leasing business and to liabilities from financing the short-term rental fleet.

Interest expense from procurement leases amounted to €7.8 million (H1 2018: €9.0 million).

Income taxes

In the consolidated interim financial statements, income taxes for the current reporting period are calculated on the basis of the expected income tax rate for the full year.

SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Goodwill and other intangible assets

As a result of currency effects, goodwill rose by €17.4 million to €3,442.2 million in the first six months of 2019 (31 December 2018: €3,424.8 million).

The value of the brand names, at €944.0 million, and the total carrying amount for technology and development assets, at €689.5 million, were virtually unchanged (31 December 2018: €944.3 million and €689.7 million).

At €645.7 million, other intangible assets were €17.2 million below their carrying amount as at 31 December 2018 (€662.9 million). This was mainly the result of ongoing write-downs on the customer relationships acquired as part of the Dematic acquisition.

Other property, plant and equipment

Other property, plant and equipment, which totalled €1,090.1 million (31 December 2018: €1,077.8 million), included a figure of €391.2 million (31 December 2018: €390.7 million) for right-of-use assets related to procurement leases. Of this figure, €271.9 million (31 December 2018: €276.4 million) was attributable to land and buildings and €119.2 million (31 December 2018: €114.3 million) to plant & machinery and office furniture & equipment.

Inventories

Inventories increased compared with 31 December 2018, mainly in the Industrial Trucks & Services segment. Work in progress was up by 20.2 per cent to €159.0 million (31 December 2018: €132.3 million), while finished goods rose by 26.7 per cent to €697.5 million (31 December 2018: €550.6 million). Write-downs of €10.2 million were recognised on inventories in the second quarter of 2019 (Q2 2018: €4.3 million) and of €16.2 million in the first half of 2019 (H1 2018: €8.8 million). Reversals of write-downs had to be recognised in the amount of €3.1 million in the second quarter of 2019 (Q2 2018: €0.9 million) and in the amount of €4.8 million in the first half of 2019 (H1 2018: €2.6 million) because the reasons for the write-downs no longer applied.

Trade receivables

The rise in trade receivables compared with 31 December 2018 was predominantly due to the €78.5 million increase in receivables due from third parties to €1,084.0 million (31 December 2018: €1,005.5 million). Receivables due from non-consolidated subsidiaries, equity-accounted investments and other equity investments fell from €53.2 million as at 31 December 2018 to €47.1 million, a decrease of €6.1 million. Valuation allowances of €42.6 million (31 December 2018: €37.8 million) were recognised for trade receivables.

Equity

As at 30 June 2019, the Company's share capital amounted to €118.1 million, which was unchanged on 31 December 2018 and was fully paid up. It was divided into 118.1 million no-par-value shares.

The total number of shares outstanding as at 30 June 2019 was 117,938,116 no-par-value shares (31 December 2018: 117,924,442 no-par-value shares). At the reporting date, KION GROUP AG held 151,884 treasury shares (31 December 2018: 165,558). In February 2019, a further 13,674 no-par-value shares were issued for employees' own investments under KEEP 2018.

The distribution of a dividend of €1.20 per share (H1 2018: €0.99 per share) to the shareholders of KION GROUP AG resulted in an outflow of funds of €141.5 million (H1 2018: €116.8 million).

Retirement benefit obligation

For the purposes of the interim report, a qualified estimate of the defined benefit obligation was made based on the change in actuarial parameters in the period under review.

The retirement benefit obligation was higher than it had been at the end of 2018 owing to actuarial losses that primarily resulted from a lower discount rate in the eurozone. The present value of the defined benefit obligation was calculated on the basis of the discount rates shown in > TABLE 26.

Discount rate TABLE 26

	30/06/2019	31/12/2018
Germany	1.30%	1.90%
UK	2.15%	2.65%
USA	3.55%	4.25%
Other (weighted average)	0.88%	1.43%

The change in estimates in relation to defined benefit pension entitlements resulted in a decrease of €104.4 million in equity as at 30 June 2019 (after deferred taxes). Overall, the net obligation under defined benefit pension plans rose to €1,178.4 million (31 December 2018: €1,009.7 million). This consisted of €1,214.3 million recognised under the retirement benefit obligation (31 December 2018: €1,043.0 million) less an amount of €35.9 million (31 December 2018: €33.3 million) recognised under other non-current assets.

In connection with the periodic valuation of the pension plans for the employees of the KION Group's UK companies, the companies and the respective trustees of the pension funds agreed on a valuation in March 2019 that will ensure payments are made to the beneficiaries of the plans in accordance with the relevant requirements. On the basis of this current valuation, the KION Group will not have to make any top-up payments to the plan assets.

In addition, KION GROUP AG has given default guarantees to the trustees of four pension plans, under which, if any of the companies concerned default, KION GROUP AG will assume all obligations of these companies up to a maximum guaranteed amount. As at 30 June 2019, the guaranteed amount totalled €101.5 million.

Financial liabilities

The financial liabilities reported as at 30 June 2019 essentially comprised liabilities to banks of €983.6 million (31 December 2018: €826.4 million) and promissory notes amounting to €1,320.8 million (31 December 2018: €1,214.3 million).

During the reporting period, the KION Group reduced the floating-rate long-term tranche due to mature in October 2021 that was drawn down under the AFA by a further €200.0 million to €400.0 million (31 December 2018: €600.0 million). There were also current liabilities to banks of €580.3 million as at 30 June 2019 (31 December 2018: €221.9 million). Drawdowns from the revolving credit facility accounted for €230.1 million of this amount (31 December 2018: €101.8 million). A further €350.2 million had been drawn down from existing German and international credit facilities (31 December 2018: €120.1 million).

The early repayment of the long-term tranche drawn down under the AFA was partly financed by the issuance of a promissory note in April 2019. This has a nominal amount of €120.5 million and matures in April 2026. In connection with this corporate action, €20.5 million of the promissory note issued in 2018 was repaid ahead of schedule, leaving a remaining balance of €179.5 million as at the reporting date. The existing hedge relation (fair value hedge to hedge the risk of a change in the fair value of the fixed-rate tranche) was adjusted by a partial settlement of the interest-rate swap in an equivalent amount of €20.5 million.

The KION Group continued to comply with all covenants as at the end of the half-year period.

Liabilities from financial services

Liabilities from financial services, which totalled €1,973.8 million (31 December 2018: €1,472.4 million), comprised a sum of €1,602.6 million related to the financing of the long-term leasing business and to residual value obligations arising from the indirect leasing business (31 December 2018: €1,165.3 million) and a sum of €371.2 million related to the financing of industrial trucks for the short-term rental fleet (31 December 2018: €307.1 million).

Liabilities from financial services arising from the leasing business encompass liabilities from financing by means of sale and leaseback sub-lease transactions with leasing companies in an amount of €569.7 million (31 December 2018: €440.2 million). They also include residual value obligations of €309.6 million (31 December 2018: €319.5 million) resulting from the indirect leasing business.

Furthermore, liabilities from financial services include liabilities from lease facilities in an amount of €359.3 million (31 December 2018: €307.3 million) and liabilities from the issuance of notes (securitisation) through K-Lift S.A., Luxembourg, in an amount of €302.3 million (31 December 2018: €98.3 million).

Lease liabilities

Whereas lease liabilities stood at €561.4 million (31 December 2018: €740.6 million), lease receivables arising from sale and leaseback sub-lease transactions concluded up to 31 December 2017 amounted to €393.3 million (31 December 2018: €514.3 million) and leased assets under sale and leaseback sub-lease transactions totalled €208.1 million (31 December 2018: €268.6 million).

Contract balances

Contract assets increased by €35.1 million to €154.4 million as at 30 June 2019 (31 December 2018: €119.3 million). They mainly relate to goods and services in connection with the project business that were provided by the KION Group before the payment deadlines agreed with the customers.

As at 30 June 2019, contract liabilities amounting to €326.5 million were attributable to project business contracts with a net debit balance due to customers (31 December 2018: €498.7 million). They relate to goods and services that are still to be provided but for which prepayments from customers have been received. The decline of €172.3 million in contract liabilities from the project business compared with the figure as at 31 December 2018 is attributable to goods and services provided by the KION Group during the reporting period for which revenue was recognised accordingly.

Contract liabilities attributable to other prepayments from customers remained virtually unchanged at €67.5 million (31 December 2018: €71.4 million).

Other financial liabilities

Other financial liabilities, which totalled €778.7 million (31 December 2018: €813.2 million), include liabilities of €423.1 million from procurement leases (31 December 2018: €421.2 million). Liabilities of €230.4 million from sale and leaseback transactions used to finance the short-term rental fleet were also included in other financial liabilities (31 December 2018: €289.9 million).

OTHER DISCLOSURES

Information on financial instruments

The carrying amounts and fair values of financial assets and liabilities in accordance with IFRS 7 are shown in > TABLE 27.

FAIR VALUE MEASUREMENT AND ASSIGNMENT TO MEASUREMENT LEVELS

The following tables show the assignment of fair values to the individual measurement levels as defined by IFRS 13 for financial instruments measured at fair value. > TABLES 28 – 29

Carrying amounts and fair values broken down by class

TABLE 27

	30/06/2019		31/12/2018	
in € million	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial investments	4.9	4.9	5.2	5.2
Financial receivables	35.9	35.9	35.9	35.9
Other financial investments	22.2	22.2	21.0	21.0
Lease receivables[1]	1,261.2	1,264.6	1,097.3	1,102.0
Trade receivables	1,100.9	1,100.9	1,036.4	1,036.4
Other financial receivables	57.9	57.9	51.2	51.2
thereof non-derivative receivables	43.3	43.3	41.2	41.2
thereof derivative financial instruments	14.6	14.6	9.9	9.9
Cash and cash equivalents	180.2	180.2	175.3	175.3
Financial liabilities				
Liabilities to banks	983.6	985.1	826.4	829.1
Promissory notes	1,320.8	1,326.7	1,214.3	1,222.0
Other financial liabilities to non-banks	4.6	4.6	4.6	4.6
Liabilities from financial services	1,973.8	1,979.2	1,472.4	1,477.0
Lease liabilities[1]	561.4	563.2	740.6	743.0
Trade payables	995.3	995.3	904.2	904.2
Other financial liabilities	778.7	786.7	813.2	822.1
thereof liabilities from procurement leases[1]	423.1	430.4	421.2	429.2
thereof liabilities from short-term rental fleet financing[1]	230.4	231.1	289.9	290.8
thereof non-derivative liabilities	106.6	106.6	87.8	87.8
thereof derivative financial instruments	18.6	18.6	14.3	14.3

1 as defined by IFRS 16

Financial instruments measured at fair value TABLE 28

	Fair Value Hierarchy		
in € million	Level 1	Level 2	30/06/2019
Financial assets			**54.1**
thereof financial investments	4.9		4.9
thereof other financial investments		22.2	22.2
thereof trade receivables		12.4	12.4
thereof derivative financial instruments		14.6	14.6
Financial liabilities			**18.6**
thereof derivative financial instruments		18.6	18.6

Financial instruments measured at fair value TABLE 29

	Fair Value Hierarchy		
in € million	Level 1	Level 2	31/12/2018
Financial assets			**51.7**
thereof financial investments	5.2		5.2
thereof other financial investments		21.0	21.0
thereof trade receivables		15.6	15.6
thereof derivative financial instruments		9.9	9.9
Financial liabilities			**14.3**
thereof derivative financial instruments		14.3	14.3

Level 1 essentially comprises the equity investment in Balyo SA, for which the fair value is calculated using prices quoted in an active market.

The fair value of other financial investments is determined using prices quoted in an active market and other observable inputs. They are assigned to Level 2.

Trade receivables that are recognised at fair value through profit or loss are assigned to Level 2. Their fair value is calculated using the transaction price achievable in an active market. The transaction price is largely influenced by the default risk of the counterparty.

Interest-rate swaps and currency forwards are also classified as Level 2. The fair value of derivative financial instruments is determined by the system using appropriate valuation methods on the basis of the observable market information at the reporting date. The default risk for the Group and for the counterparty is taken into account on the basis of gross figures. The fair value of interest-rate swaps is calculated as the present value of the future cash flows. Both contractually agreed payments and forward interest rates are used to calculate the cash flows, which are then discounted on the basis of a yield curve that is observable in the market. The fair value of the currency forwards is calculated by the system using the net present value method based on forward rates on the reporting date.

In order to eliminate default risk to the greatest possible extent, the KION Group only ever enters into derivatives with investment-grade counterparties.

If events or changes in circumstances make it necessary to reclassify financial instruments to a different level, they are reclassified at the end of a reporting period. No financial instruments were transferred between Levels 1 and 2 in the first six months of 2019.

Variable remuneration

KEEP EMPLOYEE EQUITY PROGRAMME

As at 30 June 2019, KION Group employees held options on a total of 43,159 no-par-value shares (31 December 2018: 43,655). The total number of bonus shares granted therefore declined by 496 forfeited bonus shares in the first half of 2019. A pro-rata expense of €0.4 million for six months was recognised for bonus shares in the first half of 2019 (H1 2018: €0.4 million).

KION PERFORMANCE SHARE PLAN (PSP) FOR MANAGERS

The 2019 tranche of the long-term, variable remuneration component for the managers in the KION Group (LTI 2019) was granted with effect from 1 January 2019 and has a term of three years. At the beginning of the performance period on 1 January 2019, the managers were allocated a total of 266,179 virtual shares for this tranche. The allocation was based on a particular percentage of each manager's individual gross annual remuneration at the time of grant.

In March 2019, a payment from the 2016 tranche was made on the basis of the achievement of the long-term targets that were defined in 2016 at the start of the performance period.

The total carrying amount for liabilities in connection with this share-based remuneration as at 30 June 2019 was €9.0 million (31 December 2018: €7.7 million). Of this amount, €3.8 million related to the 2017 tranche (31 December 2018: €2.4 million), €3.1 million to the 2018 tranche (31 December 2018: €1.4 million) and €2.0 million to the 2019 tranche. As at 31 December 2018, there had also been an amount of €3.8 million relating to the 2016 tranche.

KION PERFORMANCE SHARE PLAN (PSP) FOR THE EXECUTIVE BOARD

The members of the Executive Board have been promised a multiple-year variable remuneration component in the form of a performance share plan with a three-year term in each case. At the beginning of the performance period on 1 January 2019, the Executive Board members were allocated a total of 111,544 phantom shares for this tranche on the basis of the starting price of KION shares (60-day average). The shares were allocated on the basis of an allocation value in euros specified in each Executive Board member's service contract.

In March 2019, a payment from the 2016 tranche was made on the basis of the achievement of the long-term targets that were defined in 2016 at the start of the performance period.

The total carrying amount for liabilities in connection with this share-based remuneration as at 30 June 2019 was €4.2 million (31 December 2018: €3.8 million). Of this amount, €1.9 million related to the 2017 tranche (31 December 2018: €1.1 million), €1.4 million to the 2018 tranche (31 December 2018: €0.5 million) and €0.9 million to the 2019 tranche. As at 31 December 2018, there had also been an amount of €2.1 million relating to the 2016 tranche.

Segment report

The Executive Board, as the chief operating decision-maker (CODM), manages the KION Group on the basis of the following segments: Industrial Trucks & Services, Supply Chain Solutions and Corporate Services. Segment reporting therefore takes into account the organisational and strategic focus of the KION Group.

The KPIs used to manage the segments are order intake, revenue and adjusted EBIT. Segment reporting therefore includes a reconciliation of externally reported consolidated earnings before interest and tax (EBIT) – including effects from purchase price allocations and non-recurring items – to the adjusted EBIT for the segments.

The following tables show information on the KION Group's operating segments for the second quarter of 2019 and 2018 and for the first half of 2019 and 2018. > TABLES 30 – 33

Segment report Q2 2019 TABLE 30

in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Consolidation/ Reconciliation	Total
Revenue from external customers	1,635.8	641.2	3.8	–	2,280.7
Intersegment revenue	2.4	0.9	73.1	–76.4	–
Total revenue	1,638.2	642.0	76.9	–76.4	2,280.7
Earnings before taxes	**163.4**	**32.0**	**103.0**	**–123.6**	**174.8**
Net financial expenses	–14.4	–7.0	–4.3	–	–25.7
EBIT	**177.8**	**39.0**	**107.4**	**–123.6**	**200.6**
+ Non-recurring items	–0.2	3.5	0.1	–	3.4
+ PPA items	0.2	21.1	0.0	–	21.3
= Adjusted EBIT	**177.7**	**63.6**	**107.5**	**–123.6**	**225.2**
Capital expenditure[1]	42.1	10.8	4.5	–	57.4
Amortisation and depreciation[2]	28.8	9.3	4.2	–	42.3
Order intake	1,573.2	506.0	76.9	–77.6	2,078.6

1 Capital expenditure including capitalised development costs, excluding right-of-use assets
2 On intangible assets and property, plant and equipment (excluding right-of-use assets and PPA items)

Segment report Q2 2018 TABLE 31

in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Consolidation/ Reconciliation	Total
Revenue from external customers	1,447.2	577.8	6.2	–	2,031.1
Intersegment revenue	2.4	1.0	68.8	–72.2	–
Total revenue	1,449.6	578.8	74.9	–72.2	2,031.1
Earnings before taxes	**120.2**	**16.9**	**78.6**	**–98.7**	**117.0**
Net financial expenses	–16.0	–2.4	–6.7	–	–25.1
EBIT	**136.1**	**19.4**	**85.3**	**–98.7**	**142.1**
+ Non-recurring items	1.1	2.3	0.6	–	4.0
+ PPA items	11.0	29.8	0.0	–	40.9
= Adjusted EBIT	**148.2**	**51.5**	**85.9**	**–98.7**	**187.0**
Capital expenditure[1]	41.6	11.4	1.9	–	55.0
Amortisation and depreciation[2]	28.4	7.0	3.9	–	39.2
Order intake	1,546.5	874.2	74.9	–71.6	2,424.0

1 Capital expenditure including capitalised development costs, excluding right-of-use assets
2 On intangible assets and property, plant and equipment (excluding right-of-use assets and PPA items)

Segment report Q1 – Q2 2019 TABLE 32

in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Consolidation / Reconciliation	Total
Revenue from external customers	3,143.6	1,209.6	11.0	–	4,364.1
Intersegment revenue	3.2	1.3	145.9	–150.4	–
Total revenue	3,146.8	1,210.9	156.9	–150.4	4,364.1
Earnings before taxes	**298.8**	**51.4**	**82.1**	**–123.5**	**308.8**
Net financial expenses	–27.5	–12.4	–10.6	–	–50.5
EBIT	**326.3**	**63.9**	**92.7**	**–123.5**	**359.3**
+ Non-recurring items	–0.2	4.6	0.2	–	4.6
+ PPA items	0.4	43.4	0.0	–	43.8
= Adjusted EBIT	**326.5**	**111.8**	**92.8**	**–123.5**	**407.6**
Segment assets	10,018.8	4,940.6	1,763.3	–3,178.7	13,544.0
Segment liabilities	7,177.0	2,050.5	4,202.0	–3,185.9	10,243.5
Capital expenditure [1]	85.5	19.3	8.2	–	113.0
Amortisation and depreciation [2]	57.3	18.1	8.3	–	83.7
Order intake	3,083.7	1,108.9	156.9	–152.7	4,196.8
Number of employees [3]	25,753	7,178	809	–	33,740

1 Capital expenditure including capitalised development costs, excluding right-of-use assets
2 On intangible assets and property, plant and equipment (excluding right-of-use assets and PPA items)
3 Number of employees (full-time equivalents) as at 30/06/2019; allocation according to the contractual relationships

Segment report Q1 – Q2 2018 TABLE 33

in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Consolidation / Reconciliation	Total
Revenue from external customers	2,814.9	1,047.6	12.0	–	3,874.4
Intersegment revenue	3.5	1.9	139.0	–144.4	–
Total revenue	2,818.3	1,049.5	151.0	–144.4	3,874.4
Earnings before taxes	**242.9**	**11.3**	**58.6**	**–98.7**	**214.1**
Net financial expenses	–30.3	–10.0	–13.6	–	–53.9
EBIT	**273.2**	**21.3**	**72.2**	**–98.7**	**268.0**
+ Non-recurring items	–0.3	2.6	0.8	–	3.0
+ PPA items	11.3	62.6	0.0	–	73.9
= Adjusted EBIT	**284.2**	**86.5**	**72.9**	**–98.7**	**344.9**
Segment assets	9,173.3	4,735.5	1,743.7	–2,931.8	12,720.7
Segment liabilities	6,377.9	1,947.6	4,288.2	–2,939.9	9,673.8
Capital expenditure [1]	78.0	22.3	3.7	–	103.9
Amortisation and depreciation [2]	56.0	13.4	7.7	–	77.1
Order intake	3,031.6	1,270.4	151.0	–144.0	4,309.0
Number of employees [3]	24,731	6,851	727	–	32,309

1 Capital expenditure including capitalised development costs, excluding right-of-use assets
2 On intangible assets and property, plant and equipment (excluding right-of-use assets and PPA items)
3 Number of employees (full-time equivalents) as at 30/06/2018; allocation according to the contractual relationships

Related party disclosures

In addition to the subsidiaries included in the condensed consolidated interim financial statements, the KION Group has direct or indirect business relationships with a number of non-consolidated subsidiaries, joint ventures and associates in the course of its ordinary business activities.

The related parties that are solely or jointly controlled by the KION Group or over which significant influence can be exercised are included in the list of shareholdings as at 31 December 2018.

Another related party is Weichai Power Co., Ltd., Weifang, People's Republic of China, which indirectly held a 45.0 per cent stake in KION GROUP AG via Weichai Power (Luxembourg) Holding S.à r.l., Luxembourg ('Weichai Power') as at 30 June 2019 (31 December 2018: 45.0 per cent). The distribution of a dividend of €1.20 per share (H1 2018: €0.99) to Weichai Power resulted in an outflow of funds from KION GROUP AG of €63.8 million (H1 2018: €50.6 million).

The revenue generated by the KION Group in the first half of 2019 and second quarter of 2019 from selling goods and services to related parties is shown in > TABLE 34 along with the receivables that were outstanding at the reporting date. No valuation allowances for receivables from related parties had been recognised as at the reporting date, a situation that was unchanged on 31 December 2018.

The goods and services obtained from related parties in the first half of 2019 and second quarter of 2019 are shown in > TABLE 35 along with the liabilities that were outstanding at the reporting date.

Related party disclosures: receivables and sales

TABLE 34

in € million	Receivables		Sales of goods and services			
	30/06/2019	31/12/2018	Q2 2019	Q2 2018	Q1 – Q2 2019	Q1 – Q2 2018
Non-consolidated subsidiaries	32.0	29.3	8.4	7.0	15.5	13.9
Associates (equity-accounted)	33.1	36.0	50.1	39.7	102.7	79.7
Joint ventures (equity-accounted)	6.4	3.0	20.8	19.2	28.0	27.3
Other related parties*	11.5	15.3	11.1	10.7	19.5	17.8
Total	**83.0**	**83.6**	**90.4**	**76.6**	**165.7**	**138.7**

* 'Other related parties' include, among others, transactions with Weichai Power and its affiliated companies

Related party disclosures: liabilities and purchases

TABLE 35

in € million	Liabilities		Purchases of goods and services			
	30/06/2019	31/12/2018	Q2 2019	Q2 2018	Q1 – Q2 2019	Q1 – Q2 2018
Non-consolidated subsidiaries	11.4	12.9	5.8	5.9	11.5	10.2
Associates (equity-accounted)	12.5	10.8	48.0	33.1	71.8	66.8
Joint ventures (equity-accounted)	98.3	92.8	33.4	17.9	50.6	40.7
Other related parties*	3.3	5.0	4.3	2.5	9.8	3.1
Total	**125.5**	**121.5**	**91.5**	**59.4**	**143.6**	**120.9**

* 'Other related parties' include, among others, transactions with Weichai Power and its affiliated companies

The exemption for government-related entities was applied. There were no transactions that were significant, either individually or taken together, between the KION Group and companies with which the KION Group is closely associated solely because of its relationship with Shandong Heavy Industry Group Co., Ltd, Jinan, People's Republic of China.

Material events after the reporting date

On 10 July 2019, KION GROUP AG and BMZ Holding GmbH signed an agreement to establish a joint venture that will manufacture lithium-ion batteries for industrial trucks. The two shareholders will each hold a 50 per cent stake in the business, which will be called KION Battery Systems GmbH. The company's headquarters will be in Karlstein am Main. The closing of the transaction is subject to approval by the competent antitrust regulators.

On 16 July 2019, the KION Group acquired a 4.99 per cent stake in Zhejiang EP Equipment Co., Ltd., Huzhou, People's Republic of China, with a purchase price of €11.3 million.

Frankfurt am Main, 23 July 2019

The Executive Board

Gordon Riske

Dr Eike Böhm

Anke Groth

Ching Pong Quek

Susanna Schneeberger

Review report

To the KION GROUP AG, Frankfurt am Main

We have reviewed the condensed interim consolidated financial statements of the KION GROUP AG, Frankfurt am Main, comprising the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and selected explanatory notes, together with the interim group management report of the KION GROUP AG, Frankfurt am Main, for the period from 1 January to 30 June 2019, that are part of the semi annual financial report pursuant to § 115 paragraph 2 WpHG (Wertpapierhandelsgesetz: German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with those IFRSs applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and of the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review such that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with those IFRSs applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statements audit. Since, in accordance with our engagement, we have not performed a financial statements audit, we cannot issue an auditor's report.

Based on our review no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements of the KION GROUP AG, Frankfurt am Main, have not been prepared, in material respects, in accordance with those IFRSs applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Frankfurt am Main, 23 July 2019

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

(Kirsten Gräbner-Vogel)	(Stefan Dorissen)
Wirtschaftsprüferin	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed consolidated interim financial statements give a true and fair view of the financial position and financial performance of the Group, and the interim group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Frankfurt am Main, 23 July 2019

The Executive Board

Gordon Riske

Dr Eike Böhm

Anke Groth

Ching Pong Quek

Susanna Schneeberger

Quarterly information

Quarterly information

TABLE 36

in € million	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Order intake	**2,078.6**	**2,118.3**	**2,287.4**	**2,060.3**	**2,424.0**	**1,885.0**
thereof Industrial Trucks & Services	1,573.2	1,510.5	1,724.2	1,454.8	1,546.5	1,485.2
thereof Supply Chain Solutions	506.0	602.9	556.3	598.5	874.2	396.3
Total revenue	**2,280.7**	**2,083.4**	**2,225.5**	**1,895.9**	**2,031.1**	**1,843.3**
thereof Industrial Trucks & Services	1,638.2	1,508.6	1,685.8	1,417.9	1,449.6	1,368.8
thereof Supply Chain Solutions	642.0	568.8	533.0	472.7	578.8	470.7
Adjusted EBITDA	**425.0**	**378.9**	**457.2**	**380.1**	**377.0**	**340.9**
thereof Industrial Trucks & Services	355.3	324.0	395.2	326.0	318.0	301.0
thereof Supply Chain Solutions	78.2	62.1	65.4	56.1	64.0	46.1
Adjusted EBITDA margin	**18.6%**	**18.2%**	**20.5%**	**20.0%**	**18.6%**	**18.5%**
thereof Industrial Trucks & Services	21.7%	21.5%	23.4%	23.0%	21.9%	22.0%
thereof Supply Chain Solutions	12.2%	10.9%	12.3%	11.9%	11.1%	9.8%
EBIT	**200.6**	**158.7**	**206.2**	**168.6**	**142.1**	**125.8**
thereof Industrial Trucks & Services	177.8	148.5	195.7	156.2	136.1	137.1
thereof Supply Chain Solutions	39.0	24.8	22.2	20.9	19.4	1.9
Adjusted EBIT	**225.2**	**182.4**	**252.3**	**192.7**	**187.0**	**157.9**
thereof Industrial Trucks & Services	177.7	148.8	213.8	157.4	148.2	135.9
thereof Supply Chain Solutions	63.6	48.2	49.9	43.8	51.5	35.0
Adjusted EBIT margin	**9.9%**	**8.8%**	**11.3%**	**10.2%**	**9.2%**	**8.6%**
thereof Industrial Trucks & Services	10.8%	9.9%	12.7%	11.1%	10.2%	9.9%
thereof Supply Chain Solutions	9.9%	8.5%	9.4%	9.3%	8.9%	7.4%

DISCLAIMER

Forward-looking statements
This interim report contains forward-looking statements that relate to the current plans, objectives, forecasts and estimates of the management of KION GROUP AG. These statements only take into account information that was available up to and including the date on which this interim report was prepared. The management of KION GROUP AG makes no guarantee that these forward-looking statements will prove to be right. The future development of KION GROUP AG and its subsidiaries and the results that are actually achieved are subject to a variety of risks and uncertainties which could cause actual events or results to differ significantly from those reflected in the forward-looking statements. Many of these factors are beyond the control of KION GROUP AG and its subsidiaries and therefore cannot be precisely predicted. Such factors include, but are not limited to, changes in economic conditions and the competitive situation, changes in the law, interest rate or exchange rate fluctuations, legal disputes and investigations, and the availability of funds. These and other risks and uncertainties are set forth in the 2018 combined management report and in this interim report. However, other factors could also have an adverse effect on our business performance and results. KION GROUP AG neither intends to nor assumes any separate obligation to update forward-looking statements or to change these to reflect events or developments that occur after the publication of this interim report.

Rounding
Certain numbers in this interim report have been rounded to the nearest whole number. There may therefore be discrepancies between the actual totals of the individual amounts in the tables and the totals shown as well as between the numbers in the tables and the numbers given in the corresponding analyses in the text of the interim report. All percentage changes and key figures were calculated using the underlying data in thousands of euros (€ thousand).

FINANCIAL CALENDAR

24 October 2019
Quarterly statement for the period ended
30 September 2019 (Q3 2019)
Conference call for analysts

3 March 2020
Publication of 2019 annual report
Financial statements press conference and
conference call for analysts

28 April 2020
Quarterly statement for the period ended
31 March 2020 (Q1 2020)
Conference call for analysts

Subject to change without notice

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We
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the
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